

Message

“The Furukawa Electric Group” will thoroughly promote environmentally friendly activities and achieve continuous growth.

Although Furukawa Electric faces harsh conditions, we are working on reorganizing our businesses and making proper adjustments to our workforce, with the aim of becoming a creative and outstanding global enterprise. In April 2004, we reformed our management system by introducing a company system that is responsible for the business operations of individual divisions, and we introduced a chief officer system at our Head Office. We have also strived to establish a scheme to continuously produce a profit, by securely strengthening our manufacturing and human resources development, which are to be the foundation of our Group, paying attention to actual places and actual items. Furthermore, by having chief officers as a responsible person, we will thoroughly promote activities throughout the company that not only strengthen our sales force, improve our productivity, promote research and development, and develop our human resources, but also eliminate defects and accidents and give consideration to the environment.

For environmental activities, Furukawa Electric, in cooperation with its associated group companies, has continuously worked to reduce its environmental impact and increase its resource capabilities, once it has clarified the levels and timings that it seeks to achieve, aiming to realize a “recycling-oriented society.” In addition, we have actively carried out environmental risk reducing activities, including managing the chemical substances contained in our products and carrying out ground pollution investigation.

The relationship between corporations and society has diversified, and in order to respond to the demands placed on us as a member of society, we need to carry out activities with due consideration for society, and so we started by setting up a Compliance Committee and established

some Action Guidelines, to ensure employees practice compliance and follow a code of conduct. We also gave consideration to the safety and promotion of health of our employees. Each works has continuously worked on strengthening the trust of the local community, by contributing to it, checking that exhaust gases and wastewater meet the laws and regulations and thoroughly managing waste. For social contribution activities, in particular, we carried out relief support activities in relation to the earthquake that occurred off Sumatra Island on December 26, 2004.

Furukawa Electric returned to profitability in fiscal 2004, after an interval of three years, and we believe that a path for the revival of Furukawa Electric has come into sight. We will work on further improvement with an indomitable determination. We hope that our readers will understand the environmental and social activities of Furukawa Electric and give us your continued support and cooperation.



H. Ishihara

Hiroshi Ishihara
President, Chief Executive Officer and Chief Operating Officer

Company Policy of Furukawa Electric Group

Basic Management Policy

- Have a high regard for our customers
- Value our employees and bring out the best in them
- Proactively adopt new technologies that harness creativity

Our Vision

Pursuing technology innovation and aiming for a creative and highly profitable company with a stronger global presence

Management Policy

- Practice of responsive management
- Orientation toward profit
- Creation of new products and market opportunities
- Growing development of global management
- Continuous promotion of structural reform
- Strengthening of consolidated management

Furukawa Electric Basic Environmental Policy

[Basic Policy]

Furukawa Electric recognizes that preservation of the global environment is a critical issue for society, and shall incorporate consideration of environmental preservation issues into every phase of corporate activity, to contribute to advancement of a sustainable, happy and prosperous society.

[Action Guidelines]

- All activities shall be based on an awareness of its effect on the global environment, and environmental preservation activities shall be pursued by all employees.
- We shall observe environmental laws and regulations and requirements from our customers, and set up voluntary standards to upgrade control levels.
- We shall define environmental targets and objectives, and carry out activities according to this plan, thereby continuously improving environmental preservation activities.
- Environmental concerns shall be taken into consideration in every phase of our work from the R&D and design stages to supply environmentally friendly products.
- In every phase of procurement, manufacturing, distribution and customer service we shall work to reduce consumption of resources and energy, to promote recycling, and to reduce waste materials and the impact on the environment.
- We shall carry out environmental audits, and review our environmental management system and environmental preservation activities for continuous improvement.
- We shall educate all employees to enhance their environmental awareness, and promote disclosure of information and social communication, thereby actively contributing to community activities.

Furukawa Electric and its affiliated companies have continuously promoted environmental preservation activities, aiming to achieve a "recycling-oriented society." Since these activities also relate to corporate activities such as production and sales, we have comprehensively worked on all our activities in conjunction with reducing costs, procuring materials, applying technology in our plants, improving quality and carrying out safety and health management.

Our main businesses cover a wide range of areas including copper products, power and telecommunication cables, electronics and automotive systems and industrial products. We carry out research and development to increase the ratio of new products in each of these areas, and aim to improve profitability and increase growth potential by creating, in particular, "creative new products that capture new markets." Environmentally friendly products called ECOLINK have become one of our development pillars. This year we launched a variety of products on the mar-

ket, including a porous pipe for irrigation that is made from recycled cross-linked polyethylene, a reflow oven that uses lead-free solder, a mechanical sleeve that can be easily removed from concrete and reused, a halogen-free electric wire for lighting equipment, and a copper alloy substituting the use of beryllium copper. We have successfully conducted a 500 meter on-site electric power transmission test of a "high-temperature superconducting power cable" currently under development. This achievement is the highest-level in the world, and when we put it to practical use, we expect that it will contribute to solving the energy problem and preventing global warming.

At manufacturing sites we have continuously carried out activities to reduce the impact on the environment and we have worked on reducing waste disposal costs, which has yielded excellent results. This was brought about by the thorough sorting of waste and reusing it. We will continue to work to reduce waste, the emission of greenhouse gases and the emission of chemical substances.

Here we present an environmental report summarizing the activities we conducted in fiscal 2004. We hope that our stakeholders will have a deeper understanding of the activities of Furukawa Electric and its associated group of companies, with respect to environmental preservation, and we hope that they will pass on to us their frank opinions and suggestions.



A handwritten signature in black ink, appearing to read 'Michitoyo Kurokawa', written in a cursive style.

Michitoyo Kurokawa
Director in charge of environment
Director, Member of the Board
and Chief Production Officer